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Chairman: Mr. de Rojas ..... (Venezuela)
later: Mr. Glanzer (Vice-Chairman) ..... (Austria)

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The meeting was called to order at 10.20 a.m.

Agenda item 95: Macroeconomic policy questions (*continued*) (A/52/284, A/52/347, A/52/447-S/1997/775, A/52/460, A/C.2/52/4)

(b) Trade and development (A/52/15 (Parts I and II), A/52/329, A/52/413, A/52/459)

1. **Mr. Ricupero** (Secretary-General of the United Nations Conference on Trade and Development (UNCTAD)) said that the considerable turmoil in the world's financial and equity markets had graphically demonstrated that in today's world no one was immune from the effects of actions taken in another country or on the other side of the globe. The Asian financial crisis had proved to be more contagious than earlier crises. For the first time, a crisis originating in the developing world had had a profound impact on capital markets of the North. Moreover, it was firmly located in the private sector and revolved around market, rather than government, failure. The immediate impact of the Asian financial crisis had been a sharp downward revision of growth prospects in Asia. Because of the greater presence of Asian economies in the world, that would also mean a slowdown in world growth. The immediate danger, however, stemmed from a possible overreaction by policy makers. Reform efforts in many developing countries over the past decade had raised growth prospects to levels unseen in the past 20 years. An unduly heavy-handed macroeconomic response could set those efforts back for the foreseeable future.

2. Medium-term prospects would also depend on how the outcome of the crisis reverberated across the international economy. There was little doubt that international competition would increase, putting downward pressure on prices of tradeable goods and giving rise to renewed adjustment problems for many developing countries. Western Europe and Japan, whose recoveries had been unduly dependent on exports, were likely to face the greatest problems in the North. Japan's considerable trade with and investment in other parts of Asia must give real cause for concern, in the light of the impact of the slowdown in Asian economies on its domestic growth. Whereas multilateral discipline had proved its worth in many fields of trade, it remained conspicuously absent in the area of currency, exchange rates and finance. When unplanned currency devaluations in a specific country resulted in sharp shifts in the terms of international trade, the benefits of tariff preferences could effectively be wiped out overnight. The UNCTAD secretariat intended to conduct further research in 1998 on the causes of economic crises and their implications for development efforts.

3. The forty-fourth session of the Trade and Development Board had reached agreed conclusions that reflected a balanced approach to all major agenda items. Much of the Board's discussions had focused on the economic situation in Africa and in the least developed countries. It had called for increased levels of official development assistance (ODA) in line with internationally agreed targets, and had emphasized the need for the greatest number of African countries to benefit from the Highly Indebted Poor Countries Debt Initiative. The one-day high-level segment had focused on the overall theme of globalization, competition, competitiveness and development and had considered, among other things, ways to improve the competitiveness of developing countries and the implications of electronic commerce.

4. In order to assess the results of the Programme of Action for the Least Developed Countries for the 1990s at the country level, and to review the implementation of international support measures, the Board had recommended to the General Assembly that it should hold a third United Nations conference on least developed countries at the end of the 1990s. Increasingly, the best approach to the complex set of problems affecting the least developed countries appeared to be an integrated one. The integration of UNCTAD work with that of other multilateral agencies inside and outside the United Nations system had thus become a yardstick. While the 48 least developed countries had been rightly emphasized, the landlocked and small island developing States, for which UNCTAD also had special responsibility, should not be overlooked.

5. The recent experience of many developing countries at the World Trade Organization (WTO) Ministerial Conference held in Singapore in December 1996 had confirmed the fact that, in international trade negotiations, few developing countries knew what they actually wanted and often adopted were counter-productive approaches. To remedy that situation, UNCTAD had embarked on a twin-track exercise designed to assist developing countries to identify elements of a positive trade agenda, touching on issues such as trade liberalization and industrial products, where the issue of tariff peaks and escalation was of great importance. UNCTAD had just completed a joint study with WTO on those issues.

6. Overall, the far-reaching changes at UNCTAD had produced a leaner and more effective organization. One area where significant strides had been made was the practical

involvement of civil society and the private business sector in the organization's work.

7. **Mr. Petreski** (President of the Trade and Development Board) said that the implementation of the ministerial decisions of the ninth session of UNCTAD had led to the reorganization of its activities. The comprehensive changes in the intergovernmental machinery and the streamlining of the activities of the secretariat had improved the quality of output of the organization. The use of electronic communications systems, including videoconference facilities, had now become part of the daily routine.

8. At its forty-fourth session, the Board had discussed the items of interdependence and global economic issues from a trade and development perspective: income distribution and growth in a global context. In its agreed conclusions, the Board had, *inter alia*, expressed concern at the fact that, despite growing prosperity, income gaps, across and within countries over the past two decades had generally widened. It had noted that there were social and political limits to growing inequality and that if pushed too far, income disparities could provoke a backlash, generating instability and triggering populist policies and protectionist tendencies which nullified the economic gains of closer integration.

9. As far as the least developed countries were concerned, the Board had expressed concern at the continued decline in the overall share of ODA going to those countries, called for further efforts to reverse that trend and recommended that the General Assembly convene a third United Nations conference on the least developed countries with a view to assessing the results of the implementation of the Programme of Action for the Least Developed Countries for the 1990s at the country level. It had also considered the implementation of the United Nations New Agenda for the Development of Africa in the 1990s, noting *inter alia* that the integration of African economies into the world economy depended on how gains from increased export revenues were utilized to strengthen potential growth and how African countries invested in the development of human and physical infrastructure. UNCTAD had been requested to analyse trade-related questions of investment and incentives in the agricultural sector of African economies.

10. Under the item on technical cooperation activities, the Board had discussed the report on assistance to the Palestinian people. Annex III of the Board's report contained the full text of the discussions on the item.

11. The outcomes of the Board's discussions and conclusions on interdependence, on the least developed countries and on Africa had been reported to the high-level segment of the Board. The first part of that segment, which had dealt with the topic "Globalization, competition, competitiveness and development", had focused on the conditions under which globalization would be beneficial rather than a threat to all countries. Emphasis had been placed on the importance of good governance, sound domestic and investment policies and adequate physical infrastructure. The high-level segment also had included a panel discussion on the role of electronic commerce in international trade and had underscored the need for greater international cooperation on regulatory issues since cyberspace transcended the traditional boundaries of States. Future challenges included meeting the need for a tax distribution framework between countries involved in electronic trade and ensuring the equitable distribution of knowledge. The "Partners for Development" initiative had also been launched at the high-level segment in preparation for the first meeting of the initiative to be held in Lyon, France, in November 1998.

12. With regard to the fifteenth executive session of the Trade and Development Board, held in June 1997, he urged the Committee to endorse the proposal by the Board to accept the recommendation of the Joint UNCTAD/IMO Intergovernmental Group of Experts on Maritime Liens and Mortgages and Related Subjects to convene a diplomatic conference to consider and adopt a convention on arrest of ships.

13. **Ms. Yamashita** (Director, Macroeconomic and Social Analysis Division, Department of Economic and Social Affairs) introduced the report of the Secretary-General on economic measures as a means of political and economic coercion against development countries (A/52/459), which had been prepared in response to General Assembly resolution 50/96. She described the background to the report (paras. 1, 2 and 3) and highlighted the findings of the ad hoc expert group meeting convened by the Department of Economic and Social Information and Policy Analysis in June 1997 to seek the views of internationally renowned experts on key conceptual issues related to the imposition of coercive economic measures, in particular possible methodologies for evaluating the impact of such measures on the affected countries, with a view to formulating agreed conclusions (paras. 53, 83, 84, 90, 91, 93 and 94).

14. **Mr. Ahmed** (Bangladesh) expressed his delegation's appreciation for the *Trade and Development Report, 1997* and *The Least Developed Countries 1997 Report*. Although it was widely acknowledged that trade was a crucial tool for development and that a number of countries had achieved considerable economic growth, many aspirations of the developing countries remained unfulfilled, and the least developed countries in particular were beset by structural

problems which impeded their participation in the global economy.

15. Little progress had been made in the implementation of the Paris Declaration and the Programme of Action adopted at the Second United Nations Conference on the Least Developed Countries for the 1990s. Those countries, which represented 10 per cent of the global population, received less than 0.04 per cent of official development assistance and had very little foreign direct investment and an extremely heavy external debt burden. He drew attention to the deliberations in the Trade and Development Board on the review of progress in the implementation of the Programme of Action and on the implementation of the United Nations New Agenda for the Development of Africa in the 1990s (A/52/15 [Part II]).

16. At the High-Level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development, held after the session of the Trade and Development Board, the least developed countries had underscored the need for greater market access and binding zero tariffs for their exports, technical assistance to eliminate supply-side constraints, and greater investment. Effective follow-up to the decisions taken at that meeting would doubtless improve conditions in the least developed countries.

17. His own country, which was committed to free-market policies, universal literacy, human rights and good governance, strove to improve the quality of life, bring women into the mainstream and achieve fairness and equity throughout society. It applied innovative mechanisms such as microcredit in order to alleviate poverty and bring about social change. His country envisioned a bright future because it had been able to cooperate effectively with the global community and had looked after its own interests, and he recommended that a recent programme instituted by UNCTAD and other agencies in his country should be replicated in other least developed countries.

18. In conclusion, he urged the Committee to take the necessary steps to commence the preparatory process for a third United Nations Conference on the least developed countries.

19. **Mr. Kisiri** (United Republic of Tanzania), speaking on behalf of the Group of 77 and China, said that those delegations were disappointed in the manner in which the lateness of documentation had been handled and hoped that the situation would be rectified in the future.

20. The Group of 77 and China, while acknowledging that development required countries to have a sound domestic strategy and programmes, maintained that an enabling external environment with respect to trade, finance and investment were equally critical. In that context, enhanced international dialogue on policy coherence must be pursued, in keeping with the recommendations reflected in the agreed conclusions of the high-level segment of the Economic and Social Council held in July 1997. There was a critical need for an equitable, secure, non-discriminatory and predictable multilateral trading system to enhance the trade and development opportunities of the developing countries. The developed countries should avoid all protectionist tendencies, implement international trade liberalization measures, adopt structural adjustment measures to open up greater export opportunities to developing countries, and provide them with technical and other forms of assistance.

21. The developed countries must honour the obligations undertaken with the establishment of WTO with a view to promoting market access for developing countries and their integration into the international trading system. Environmental policies and measures must not be used for protectionist purposes. Improved access for those countries to financial flows, the transfer of environmentally sound technologies and increased international cooperation in capacity-building would help them to meet their environmental goals. Nor should labour standards be used to create new forms of disguised protectionism. The developed countries should avoid resorting to anti-dumping and countervailing duties to unfairly target developing country exports. The Group of 77 and China reiterated the importance of ensuring the universality of WTO and called for a transparent process of admission, without political obstacles, of the developing countries which were applying for membership.

22. He reiterated the need for commodity support measures, which required that the objectives of the Common Fund for Commodities be met and its operations strengthened. He expressed dismay at the withdrawal of certain major contributors from the Fund, which could seriously jeopardize its operations and undermine efforts to ensure more stable and predictable policies and the smoother functioning of commodity markets.

23. Improvement of the Generalized System of Preference (GSP) would help to integrate the developing countries into the international trading system. The least developed countries, in particular, with their difficulties in the areas of trade, debt and external support, would benefit from such integration. The implementation of the Programme of Action for the Least Developed Countries for the 1990s should be expedited, while internationally agreed commitments in favour of the landlocked developing countries should be met in full.

24. UNCTAD should continue to be the principal United Nations forum for the integrated treatment of development and the interlinked areas of trade, finance, technology, investment and sustainable development, and its role in supporting the trade and development negotiations of the developing countries should be strengthened. He looked forward hopefully to the tenth session of UNCTAD, which was scheduled to be held in Bangkok in the year 2000. It was essential for the international community to provide the developing countries with the technical and financial assistance that would enable them to become integrated into the multilateral global trading system. North-South cooperation programmes in the area of trade, including electronic commerce, and other sectors should also be supported, especially with respect to the least developed countries.

25. **Mr. Cunnane** (European Union) said that he acknowledged the adjustments and reforms that had been implemented by many of the least developed countries, which were having a positive impact on their economies. To foster the integration of the least developed countries into the multilateral trading system, the States members of WTO had adopted a comprehensive, integrated action plan designed to foster trade and attract development, and thereby to end the marginalization of those countries. The European Community was the largest single market for goods from the least developed countries, including both agricultural products and manufactured items. It had recently decided to extend the most favourable market access conditions, which had previously been available only to the European Union's Lomé Convention partners, to all the least developed countries, with effect from 1 January 1998. The criteria relating to product origin had also been simplified. Better market access, which was the key to effective integration of the least developed countries, would undoubtedly result.

26. However, other measures were also needed. The least developed countries needed to produce more exportable goods, including not merely primary commodities but also manufactured goods, and consequently they must foster diversification. To that end, they should strive to attract private capital, and their Governments should focus on opening their markets and deregulating their economies.

27. The impact of trade and investment policies in favour of the least developed countries could be greatly enhanced through improved coordination. The High-Level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development, held in Geneva in October 1997, had been a promising beginning, but constructive follow-up action was required. Development aid would have a role to play, as would the promotion of regional economic integration initiatives.

28. **Mr. Reshetnyak** (Ukraine) said that while economic growth, the globalization and liberalization of world trade and the increasing economic interdependence of countries were potentially beneficial, it was important for their benefits to be shared by all nations. To that end, a favourable environment for development was needed, characterized by an open, non-discriminatory, rule-based, fair, predictable and transparent system of trade. The WTO Ministerial Conference in Singapore in December 1996 had been highly useful in laying down new bases for further liberalization.

29. Ukraine was striving to become integrated into the world trade system, working closely with the IMF and the World Bank to meet the requirements for WTO membership. Membership was regarded as necessary to ensure the success of its ongoing economic reforms and to eliminate the country's isolation from world trade. In that connection, useful action could be taken to facilitate the accession of countries with economies in transition to membership in WTO; for example, UNCTAD could help by training national personnel in external trade and related fields. The Technical Cooperation Strategy adopted at the last session of the Trade and Development Board was significant in that regard.

30. He noted with satisfaction the cooperation between Ukraine and the European Union, based on an agreement on partnership and cooperation. A recent Ukraine-European Union summit meeting in Kiev had considered many cooperation issues. There had also been positive developments in the liberalization of trade under the Central European Free Trade Agreement (CEFTA), and similar agreements were currently being negotiated with other countries, including the Czech Republic, Slovenia and Hungary. Ukraine's growing exports were an indication of the country's progress toward integration into the European and global trade systems.

31. **Mr. Isakov** (Russian Federation) noted that in a context of globalization, the high-level segment at the July 1997 session of the Economic and Social Council in Geneva had provided input towards solving the problem of the interdependency between trade and development, which was taking on new aspects. Together with harmonizing trade policies and liberalizing trade regimes, globalization included such important policy areas as attracting investment, access to financial resources and modern technologies, the development of companies and entrepreneurship, and infrastructure services for increasing trading efficiency.

32. With the new aspects of interdependency between trade and development, UNCTAD had new challenges facing it. Its responsibilities as a coordinating centre within the United Nations system were increasing, and his Government hoped that it would prove adequate to its task under the mandate given it under the Midrand Declaration. The results from the Trade and Development Board at its forty-fourth session were proof that progress was already being made: a new mechanism for intergovernmental cooperation, particularly in respect of expert meetings, had been developed. However, the Board's role in the new mechanism was still on the drawing-board and needed to be spelt out in more detail; towards that end, the ideas on the need for proper management of the globalization process put forward by the Secretary-General of UNCTAD would be helpful.

33. His delegation was particularly keen that UNCTAD should expand its activities, under its new mandate, on the problems of the countries with economies in transition, taking account of their particular interests and the similarity between some aspects of their situation and the problems of the leading developing countries. The Russian Federation's priorities included cooperation in its integration into the international trading system and boosting trading and economic links between the States with economies in transition and the developing countries.

34. The problems of the effects of globalization on economic growth and income distributions should be at the top of the agenda of the Trade and Development Board, alongside competition and its consequences for economic growth and international trade. UNCTAD should be included in the process of developing multilateral rules on competition, within which process its activities must be closely coordinated with WTO.

35. For the Russian Federation, like other countries with economies in transition, the problem of integration into the global economic and multilateral trading system had high priority. The Russian Federation had developed the basis for a system to regulate foreign economic links that met WTO standards: the export quota system had been abolished and the internal market was open to competition; indeed the Russian Federation was clearly ahead of the many WTO member countries in terms of the openness of its agricultural market and of quotas or anti-dumping restrictions against imported manufactures. That being the case, the Russian Federation was moving quickly towards talks on joining WTO, helped by the conclusion of a partnership and cooperation agreement with the European Union, which would go into effect on 1 December 1997. However, his Government regretted that a number of WTO member countries were applying even more forceful discriminatory measures against the Russian Federation's exports, in the guise of quotas and anti-dumping measures.

36. **Mr. Wilmot** (Ghana) said that African countries had striven to participate more extensively in international trade in recent years. Unfortunately, not much had been achieved as yet: Africa's share of world trade was still marginal because of the continent's underdeveloped infrastructures, lack of local markets and domestic economic networks, low level of human resources development, weak industrial base, lack of technology and other factors, aggravated by the negative impact of globalization and trade liberalization.

37. Unrestricted competition often had severe repercussions on domestic industries. African enterprises therefore needed to become more competitive, and to that end the private sector should be encouraged to scale up its production for domestic and export markets, while Governments, the private sector and the international community should unite their efforts to develop infrastructure and entrepreneurial skills in African countries. Judicious protection measures, combined with financial support and access to relevant technologies, plus the strengthening of preferential arrangements such as the Lomé Convention and the Generalized System of Preferences, would help to create a level playing field for all countries. He noted that Mr. Ricupero, the Secretary-General of UNCTAD, had spoken of the need for selective protection in his remarks.

38. Regional integration was useful for achieving economies of scale, expanding trade flows and attracting foreign investment. Developing countries, especially African countries, should therefore strengthen their efforts aimed at regional and subregional integration. The international community could do its part by removing non-tariff barriers, ending abusive anti-dumping measures, granting debt relief and increasing official development assistance.

39. UNCTAD had done much for development in Africa through its technical assistance programmes, which should be further strengthened. It should also increase its support for regional integration and North-South cooperation, paying particular attention to the specific implications for African countries of globalization and increased competition.

40. It was clear from the Secretary-General's report (A/52/459) that coercive economic measures adversely affected international relations and had damaging social and economic effects, especially on the vulnerable least developed countries. Multilateral and bilateral negotiations on contentious issues and positive economic measures were greatly preferable.

41. **Mr. Pérez-Otermin** (Uruguay), speaking on behalf of the States members of MERCOSUR — Argentina, Brazil, Paraguay and Uruguay, with Bolivia and Chile as associate members — said that trade and development were factors of particular importance to those countries' efforts to achieve regional integration. Within the past 20 years, South America had made great strides both economically and politically. There was every reason to believe that the ideal of freer trade would continue to gain ground. MERCOSUR was a highly successful regional organization — in fact the world's fourth-largest trading bloc — but its work was fully compatible with globalization; its aim was to integrate the member States into an economically interdependent world.

42. The MERCOSUR countries attached particular importance to the issues of agriculture, access to world markets and trade defence mechanisms. The commitments that had emerged from negotiations during the Uruguay Round of GATT on the reduction of subsidies and protection for agricultural products should be maintained in full in the forthcoming so-called "Millennium Round" of negotiations in the context of the WTO. Regarding world trade, the MERCOSUR countries took the view that it should be developed through multilateral negotiations within WTO. The multilateral system of world trade should be complemented by regional integration projects aimed at fostering growth in trade and investment flows among their members.

43. Unilateral action was to be condemned as contrary to both the letter and the spirit of the multilateral trade system. Relationships between labour standards and trade were the exclusive province of the International Labour Organization, and it was never legitimate to use environmental considerations as a cover for protectionist aims. A WTO committee was currently working on the latter issue, and it would be prudent to wait for its findings. However, in the context of enhanced market access for the products of developing countries, environmentally friendly technology transfer would undoubtedly have a positive impact.

44. The MERCOSUR countries were an excellent example of open regional integration. They were currently engaged in economic negotiations with outside countries, including the countries of the Latin American Integration Association (LAIA) and those of the European Union. MERCOSUR was fully open to world trade; it was a strategic alliance aimed at facing up to and taking full advantage of the challenges of globalization and at facilitating the integration of its member States in the international context. Its ultimate objective was to build an expanded economic entity with political significance through complementarity of production, sectoral specialization and economies of scale.

45. **Mr. Azaiez** (Tunisia) said that his delegation fully supported the statement by the representative of the United Republic of Tanzania, speaking on behalf of the Group of 77 and China.

46. The consensus reached at the ninth session of UNCTAD on its mandate and mission, which had formed the basis for the Midrand Declaration, proved that the fundamental principles behind the establishment of UNCTAD in 1964 remained relevant to the goal of increasing countries' wealth, despite the intervening profound political and economic changes, by emphasizing the organic relationship between trade and development.

47. Tunisia welcomed the UNCTAD-WTO agreement on the development of institutional links between the two bodies; those links must be based on complementarity, as highlighted in the final document of the ninth session of UNCTAD, which stressed that the comparative advantage UNCTAD had in studying trade-related problems would enable it to continue, in cooperation with WTO, to help countries integrate into the international trading system.

48. He regretted that the UNCTAD secretariat had again been unable to inform member States in time of what progress had been achieved in integration.

49. His Government believed that practical, action-oriented approaches towards helping developing countries benefit from investment in order to increase trade represented a promising area for cooperation between WTO and UNCTAD. UNCTAD and WTO should also cooperate on a number of trade problems that particularly affected the developing countries and related directly to the implementation of the Marrakesh agreements, including the impact of the Uruguay Round on new trade opportunities for the developing countries and the specific problems of net food-importing developing countries.

50. He recalled the declaration by the Ministers for Foreign Affairs of the Group of 77 at their twenty-first annual meeting, held in New York on 26 September 1997, which had stated that an equitable, secure, non-discriminatory and predictable multilateral trading system must be put in place that would enhance the developing countries' trade and development opportunities and allow them to increase their share of international trade. A necessary step towards accomplishing that goal would be for the developed countries to avoid all forms of protectionist tendencies and take steps to liberalize international trade. The trading policy reforms being undertaken by the developing countries would be frustrated unless the developed countries took positive structural adjustment measures to open up export opportunities for the developing

countries. That being the case, the needs, interests and particular situations of the developing countries, both in the traditional and the new trade sectors covered by WTO, must be taken into account.

51. The December 1996 Ministerial Meeting of WTO in Singapore had reviewed what had been done to enable the Marrakesh agreements to be implemented and had shown that they were being blocked by a number of countries' non-tariff barriers. Both UNCTAD and WTO should strike the necessary balance between implementation of the Marrakesh agreements as part of the Uruguay Round and taking up any new issue. A balance must also be struck between the developing and the developed countries, with a finely judged weighting of the concerns of the great trading nations and the small WTO member States. Any new issue must be directly trade-related.

52. **Mr. Mahajan** (India) said his delegation associated itself with the statement of the representative of the United Republic of Tanzania, speaking on behalf of the Group of 77 and China.

53. He pointed to a contradiction: while domestic market deregulation and opening up to international competition had generated optimism about prospects for faster growth and income and living standard convergence, at the same time the global economy had been characterized by rising domestic inequality and slow growth, with an income gap between North and South that continued to widen. Although some developing countries had been growing faster than the industrial countries, the absolute per capita income gap had not narrowed.

54. His Government was concerned that financial liberalization and restrictive monetary policies had uncoupled finance from international trade and investment, leading to short-termism and its concomitant lack of commitment to investment in productive assets. More ways for capital to flee, coupled with slow demand growth and high unemployment, had raised global profits without encouraging investment. The challenge for the South was therefore one of how to translate rising profits fast enough to underpin a social contract that reduced inequality; while much had been done, policies that managed profits, integration and wealth distribution needed further refinement.

55. If the developing countries' efforts were to meet that challenge, they needed a conducive global environment. However, despite considerable efforts by developing countries to restructure their economies, the benefits of globalization had not been equally distributed. Over the previous 25 years or so, the developing countries had suffered a catastrophic decline in their terms of trade. Not only had there been a 45 per cent drop between 1980 and 1990 in real commodity prices, there had also been a 35 per cent worsening in the terms of trade for manufactures between 1970 and 1991.

56. Globalization was premised on the need for a level playing field. However, not only were the players unequal but the existing rules of the game, and those being created, exacerbated those inequities. In the 1990s, free market principles had been applied only to markets in products and capital, leaving out the unskilled labour market. While the liberalization of services and investment was being negotiated, agriculture and textiles, which were areas of export interest for developing countries, remained highly protected. Although textile and clothing quotas would be phased out under the Uruguay Round agreements, they would be replaced by a tariff still three times the average levied on industrial countries' imports. He suggested that if the industrial countries reduced agricultural subsidies and protection by just 30 per cent, developing countries would earn an extra $45 billion a year, whereas the Uruguay Round required a reduction of only 21 per cent in the volume of subsidized exports and still allowed income support for farmers.

57. In terms of manufacturing, the practice of setting higher tariffs on processed goods than on raw materials locked developing countries into volatile and declining primary commodity markets and blocked an obvious way for them to add value to their exports. Also, while tariff barriers were coming down, non-tariff barriers were going up many times over. All those biases against the developing countries would have to be redressed if the kind of equitable, enabling global environment was to be created that would make the gains from globalization and liberalization sustainable in the long run.

58. **Ms. Hormilla** (Cuba) said she supported the statement by the representative of the United Republic of Tanzania, speaking on behalf of the Group of 77 and China.

59. She noted that the fiftieth anniversary of the United Nations Conference on Trade and Employment held in Havana was imminent, and in that connection she welcomed the panel discussion on "Havana +50: New challenges for the international trading system" to be held the following day.

60. Her delegation welcomed the efforts by UNCTAD since its ninth session to prepare the developing countries to deal with the new items on the international economic agenda, particularly in terms of investments, competition policy and public-sector purchases. Developing countries

would continue to need the development-oriented vision UNCTAD could provide in their negotiations within WTO and other international organizations.

61. She reiterated the position of the Group of 77 and China in expressing the hope that the reform-related review of UNCTAD/Department of Economic and Social Affairs activities would not adversely affect United Nations intellectual pluralism in the areas of macroeconomic policy and analysis and that the mandate given UNCTAD by the member countries at Midrand would be properly observed.

62. She noted that the post-cold-war period had paradoxically seen an unprecedented boom in unilateral economic measures as a means of political and economic coercion against developing countries, and she criticized the Government of the United States of America for enacting law after law in a crusade against not only the integrity of the affected countries but also against the sovereignty of third States, despite resolutions of the General Assembly, the Second Committee, global conferences and international organizations, and in breach of international law, the Charter of the United Nations and the principles behind the World Trade Organization. In that connection, she pointed out that the 13 countries singled out for economic measures imposed allegedly to promote human rights and democratization represented some 42 per cent of the world's population. She condemned democracy by imposition, blockade, coercion and threat, describing it as the consumer society's latest gadget.

63. Pointing out that in their effect on third States, economic measures as a means of political and economic coercion affected not only the countries of the South, she noted that the European Union too had recently expressed concern about extraterritoriality and unilateralism in United States trade policy. The 143 votes in the General Assembly at the current session in favour of lifting the embargo against Cuba were an eloquent testimony to the international community's abhorrence of such practices, and in that connection she expressed the hope that the Second Committee would give resounding support to the draft resolution against economic measures as a means of coercion that would be submitted to it by the Group of 77 and China.

64. **Mr. Kwok** (Singapore), speaking on behalf of the Association of South-East Asian Nations (ASEAN), said that ASEAN associated itself with the statement by the representative of the United Republic of Tanzania, speaking on behalf of the Group of 77 and China.

65. ASEAN welcomed the enhanced role for UNCTAD in macroeconomic analysis of globalization given it under the agreed conclusions of the forty-fourth session of the Trade and Development Board. Further liberalization of the developing countries' economies should include a phased approach to integration that was tailored to each country's needs. The linkages between globalization, competitiveness, competition and development were better understood as a result of the deliberations of the high-level segment of the session.

66. ASEAN welcomed the recognition in the Secretary-General's report on United Nations reform (A/51/950) that the macroeconomic policy analysis UNCTAD carried out was a core function, as was its contribution to eliminating discriminatory and protectionist practices in international trade; however, many tariff and non-tariff barriers still needed to come down, and UNCTAD must ensure that opportunities were opened for the developing countries, particularly the least developed, and its support for developing countries in ongoing and future trade and development negotiations would be very important.

67. ASEAN attached great importance to the role of the Common Fund for Commodities in supporting development efforts and was therefore concerned by the withdrawal of a major contributor.

68. ASEAN called on WTO to enhance market access for developing countries, and recalled that the first WTO Ministerial Conference had issued a declaration calling on all WTO members to dismantle tariff and non-tariff barriers in order to achieve sustained economic growth within an open and rule-based multilateral trading system.

69. He reported that implementation of the ASEAN Free Trade Agreement (AFTA) was being accelerated. AFTA included concerted efforts to harmonize customs and standards systems and enhance cooperation in agriculture, food products, forestry, mining, finance and economic integration, with the liberalization in services, transport and communications which that entailed. ASEAN was also promoting its region as a single investment region with the aim of creating a more transparent, efficient and congenial investment environment in the region.

70. The imminent fiftieth anniversary of the Havana Conference reminded ASEAN that WTO was supposed to be universal, and in that connection it stressed the need to bring applicants on board expeditiously. ASEAN remained committed to the primacy of the multilateral trading system, to the principle of open regionalism and to ensuring that regional trade agreements were complementary to and consistent with WTO rules. ASEAN hoped that the 1998 WTO Ministerial Conference Meeting would build up momentum for post-Uruguay-Round trade liberalization and that the tenth session of UNCTAD in 2000 would have a

positive report on the impact of liberalization and globalization on development.

71. **Mr. González** (Paraguay), speaking on behalf of the Rio Group, said that the period between the world wars had showed how much damage protectionist, rivalry-oriented national policies could do to growth and development, important issues for the Group. The multilateral trading system must be open, non-discriminatory, secure, transparent and predictable, with WTO as the basis for promoting and strengthening the system.

72. Following the Singapore Ministerial Conference, the Rio Group believed that there should be a focus on assessments of the implementation of the various agreements under the Uruguay Round, particularly on agriculture, access to markets and strict compliance with multilateral mechanisms in using trade defence mechanisms.

73. The Rio Group remained open towards the introduction of new items within WTO, specifically, trade and investments, transparency in government purchases, and trade and competition, but stressed that the WTO trade dispute settlement mechanism was of fundamental importance for ensuring that differences were settled impartially and in terms of the organization's multilateral agreements.

74. The Group reaffirmed its support for General Assembly resolution 51/167, which stressed the urgent need to continue trade liberalization in developed and developing countries through a substantial reduction of tariff and other barriers to trade, in particular non-tariff barriers, and the elimination of discriminatory and protectionist practices in international trade relations.

75. The value of open regional integration schemes in the process of multilateral trade liberalization should be properly recognized in that they promoted trade and investment growth in a manner compatible with the principles and purposes of WTO.

76. The Rio Group welcomed the new mandate given UNCTAD at Midrand, particularly "A Partnership for Growth and Development", and believed that UNCTAD must continue helping the developing countries integrate into the international trading system and also continue developing technical cooperation activities to help them take advantage of the opportunities opened up under the Uruguay Round agreements.

77. He noted that resolution 51/167 had been adopted by consensus, i.e. with support from both developed and developing countries. The Group hoped that the same result would be achieved in 1997, as it would prove that a partnership for growth and development, and thus the prosperity of all, did indeed exist between North and South.

The meeting rose at 1.05 p.m.